

P-405/M-91-609 ORDER APPROVING PLAN AND REQUIRING PROGRESS
REPORTS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson
Cynthia A. Kitlinski
Dee Knaak
Norma McKanna

Chair
Commissioner
Commissioner
Commissioner

In the Matter of Vista Telephone
Company of Minnesota's Four-
Party Upgrade Plan

ISSUE DATE: December 9, 1991

DOCKET NO. P-405/M-91-609

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REQUIRING PROGRESS REPORTS

PROCEDURAL HISTORY

I. Proceedings to Date

In 1991 the Minnesota Legislature enacted legislation to eliminate four-party service to Minnesota telephone subscribers. Minn. Stat. § 237.068 (Supp. 1991). The legislation requires all local exchange companies offering or providing four-party service to file plans to substitute two-party or one-party service by October 31, 1993. The Commission is to review and approve these plans, to monitor performance under the plans, and to report to the Legislature on January 1, 1992 and January 1, 1993 on progress in eliminating four-party service.

On August 12, 1991, Vista Telephone Company of Minnesota (Vista or the Company) filed its plan to eliminate four-party service. On October 2, 1991, the Department of Public Service (the Department) filed comments recommending approval of the plan. The Department also recommended requiring the Company to revise its tariffs as conversion occurs and requiring the Company to make a filing describing how it proposes to recover the costs of conversion.

The matter came before the Commission on November 5, 1991.

FINDINGS AND CONCLUSIONS

II. The Company's Plan

Vista has approximately 3,800 customers in 28 exchanges who receive four-party service. The Company filed two alternative plans for converting these customers to two-party or one-party service. Under Plan A, all of them would be converted by the statutory deadline of October 31, 1993. Under Plan B, customers in five exchanges would be converted after the statutory deadline, during the first quarter of 1994. The statute does

give the Commission authority to allow four-party service after October 31, 1993 if necessary.

The Company believes the time lines of Plan A may not be achievable. The Company cites the magnitude of the project compared to the size of its work force, the short construction season, its need to depend on a limited supply of outside contractors, possible delays in the shipment of materials, the need to upgrade recordkeeping systems as facilities are upgraded, the technical complexity of converting several exchanges to digital switches, and the need to continue normal business operations during the conversion process.

The Company's filing did not deal with the issue of recovering the costs of eliminating four-party service, which the Company estimates at \$15.5 million.

III. Commission Action

The Commission understands that the contingencies Vista cites could occur and prevent the Company from carrying out Plan A and eliminating four-party service by October 31, 1993. At the same time, the Commission expects the Company to make every effort to implement Plan A and meet the statutory deadline.

The Commission agrees with the Company and the Department that the Company should make regular reports on its progress in implementing Plan A. Regular reporting will help the Company promptly identify and deal with obstacles, increasing the chances of success for Plan A. It will also allow the Commission, the Department, and interested persons to monitor Vista's progress, simplifying the consideration of any request to shift to Plan B. The Commission agrees with the Department that the Company should make a filing dealing with the treatment of the estimated \$15.5 million cost of upgrading all lines to one-party or two-party service. Under the terms of the Order granting Vista authority to provide local exchange service, the Company is prohibited from requesting an overall rate increase to recover this cost until January 1, 1993. ORDER APPROVING TRANSFER OF OPERATIONS AND AUTHORITY, In the Matter of the Joint Petition of Centel Corporation, Central Telephone company, Rochester Telephone Corporation, and Vista Telephone Company of Minnesota for Approval of Transfer of Telephone Operations and Authority to Provide Telephone Service, Docket No. H-2025, P-405/PA-91-130 (June 26, 1991). The Commission will require the filing no later than midway through the conversion process, October 31, 1992.

The Department pointed out that Vista should update its tariffs upon the elimination of four-party service in each exchange. Each update should include replacement of the page listing those exchanges where four-party service is no longer available.

Finally, the Commission agrees with the Department and the Company that it is reasonable for the Company to continue its practice of notifying customers six months before their four-party service is eliminated. The informational material the

Company uses to explain the service change to customers is accurate and understandable. The new service ballot the Company provides is clear. The Commission will approve continued use of existing customer notification practices and materials.

ORDER

1. Plan A of the four-party upgrade plan filed by Vista Telephone Company of Minnesota on August 12, 1991 is approved.
2. If, while working to implement Plan A, the Company believes that contingencies beyond its control will keep it from completing the plan on schedule, the Company shall promptly file a request to implement Plan B.
3. Within 10 days of the date of this Order, the Company shall file a status report on its progress to date in eliminating four-party service, including a list of all exchanges converted during 1991.
4. The Company shall file reports on its progress in eliminating four party service on June 1, September 1, and December 1 of 1992 and 1993. These reports shall list all exchanges upgraded to date and compare actual progress with its work plan under Plan A.
5. The Company shall update its tariffs upon the elimination of four-party service in each exchange. Each update shall include replacement of the page listing those exchanges where four-party service is no longer available.
6. The Company may continue using the customer notification procedures and materials described in its August 12 filing.
7. On or before October 31, 1992 the Company shall make a filing detailing its proposed method of recovering the costs of eliminating four-party service and the ratemaking treatment it proposes for those costs. That proposal shall be consistent with the ratemaking requirements of the Commission's June 26, 1991 Order in Docket No. H-2025, P-405/PA-91-130.
8. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)